

**IOWA AGRICULTURAL
DEVELOPMENT DIVISION**

IADD BOARD MEETING MINUTES

October 22, 2014

8:30 a.m.

Conference Call

Board Members Present

Mark Leonard, Chair	John Fredrickson
Lyle Borg, Vice Chair	Annette Townsley
Stacie Euken	

Board Members Absent

None

Staff Members Present

Steve Ferguson, IADD Program Specialist	Tammy Nebola, IADD Program Specialist
Tim Jansen, Accounting Manager	Mark Thompson, General Counsel

Others Present

Dave Claypool, Dorsey & Whitney

Call to Order

The meeting of the Iowa Agricultural Development Division (IADD) Board of Directors was called to order by Chair Leonard on October 22, 2014 at 8:32 am. Roll call was taken and a quorum was established with the following Board Members present: Leonard, Borg, Euken, Fredrickson and Townsley.

Review of Minutes of September 24, 2014 Board Meeting

Mr. Leonard presented the minutes of the September 24, 2014 IADD Board Meeting.

MOTION

On a motion by Mr. Fredrickson and a second by Mr. Borg, the Board unanimously approved the minutes of the September 24, 2014 IADD Board meeting as corrected.

Review of September 2014 financial statement

Tim Jansen presented the September 2014 financials. He stated that for FY15 year-to-date, IADD had operating income of \$140,822, operating expense of \$124,168 and net operating income of \$16,654.

MOTION

On a motion by Mr. Borg and a second by Mr. Fredrickson, the Board unanimously approved the September 2014 financial statement as presented.

BFLP Amending Resolutions

Tammy Nebola presented the following resolutions to adjust the terms and conditions on a closed BFLP project:

Resolution 4030M – Bryan and Deborah Long – Iowa State Bank in Ruthven is the lender. The amendment will extend the maturity date from July 5 2018 to August 4, 2020 and change the payment date from the 5th of the month to the 4th of the month. Due to the extended maturity, the loan will be re-amortized, decreasing the payments from \$2,387.74 to \$1,698.03 beginning September 4, 2014. All other loan terms will remain the same.

Resolution 4787M – Wesley Gould – Central State Bank in Muscatine is the lender. The amendment will change the bondholder from County Bank in Sigourney to Central State Bank in Muscatine and lower the interest rate from 4.00% to 3.50% until July 10, 2019 at which time the rate will adjust to the index of 0.25% above the announced prime rate of the New York Prime, adjustable every 5 years. The term will change from 30 years to 25 years, which changes the maturity date from July 10, 2043 to July 10, 2039. Due to the shorter term, the payment amounts will increase from \$8,537.91 to \$8,870.82 beginning July 10, 2015 and continuing each July 10th until maturity. The rate ceiling will remain the same at 8% and the rate floor will decrease from 4% to 3.5%.

Resolution 4788M – Aaron Gould – Central State Bank in Muscatine is the lender. The amendment will change the bondholder from County Bank in Sigourney to Central State Bank in Muscatine and lower the interest rate from 4.00% to 3.50% until July 10, 2019 at which time the rate will adjust to the index of 0.25% above the announced prime rate of the New York Prime, adjustable every 5 years. The term will change from 30 years to 25 years, which changes the maturity date from July 10, 2043 to July 10, 2039. Due to the shorter term, the payment amounts will increase from \$11,674.11 to \$12,053.65 beginning July 10, 2015 and continuing each July 10th until maturity. The rate ceiling will remain the same at 8% and the rate floor will decrease from 4% to 3.5%.

Ms. Nebola explained that Resolutions 4787M and 4788 were both approved at the August IADD Board meeting with an effective date of August 15, 2014. The change in bondholder did not occur until October 15, 2014 so we have to approve the resolutions again with the new effective date.

MOTION

On a motion by Ms. Townsley and a second by Ms. Euken, the Board unanimously accepted the BFLP amending resolutions.

Beginning Farmer Loan Applications

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 14-041 – Paul and Jennifer VanderWaal – Beginning farmer loan of \$250,000 to construct a 1,200 head hog building in Sioux County. The loan will have a variable interest rate of 3.95% and a loan length of 15 years. The index will be 70% of American State Bank's base rate. The lender is American State Bank in Hull, Iowa.

AG 14-042 – Phillip and Angela Pena – Beginning farmer loan of \$162,000 to purchase approximately 66.11 acres of agricultural land in Clinton County. The loan will have a variable interest rate of 3.50% and a loan length of 40 years. The index will be 80% of First Trust & Savings Bank's real estate rate. The lender is First Trust & Savings Bank in Ground Mound, Iowa.

AG 14-043 – John Naylor – Beginning farmer loan of \$91,665 to purchase approximately 110 acres of agricultural land in Decatur County. The loan will have a variable interest rate of 4% and a loan length of 30 years. The index will be 80% of Libertyville Savings Bank's base rate. The lender is Libertyville Savings Bank in Keota, Iowa.

AG 14-044 – Brian Harms – Beginning farmer loan of \$490,000 to purchase approximately 40 acres of agricultural land in Lyon County. The loan will have a variable interest rate of 3.5% and a loan length of 25 years. The index will be 2% over the 5-year US Treasury rate. The lender is Peoples Bank in Rock Valley, Iowa.

AG 14-045 – Paul and Michelle Reicks – Beginning farmer loan of \$265,200 to purchase approximately 53.3 acres of agricultural land in Chickasaw County. The loan will have a variable interest rate of 3.75% and a loan length of 30 years. The index will be 80% of Bank Iowa's base rate. The lender is Bank Iowa in Lawler, Iowa.

AG 14-046 – Spencer Spain – Beginning farmer loan of \$375,474 to purchase approximately 275 acres of agricultural land in Clayton County. The loan will have a variable interest rate of 3.80% and a loan length of 30 years. The index will be 0.55% over the Wall Street Journal Prime Rate. The lender is Luana Savings Bank in Ossian, Iowa.

AG 14-047 – Taylor Block – Beginning farmer loan of \$166,500 to purchase approximately 40 acres of agricultural land in Osceola County. The loan will have a variable interest rate of 3.80% and a loan length of 30 years. The index will be 1% below UCB Prime Ag Real Estate Rate. The lender is United Community Bank in Lake Park, Iowa.

AG 14-048 – Brian Block – Beginning farmer loan of \$166,500 to purchase approximately 40 acres of agricultural land in Osceola County. The loan will have a variable interest rate of 3.80% and a loan length of 30 years. The index will be 1% below UCB Prime Ag Real Estate Rate. The lender is United Community Bank in Lake Park, Iowa.

AG 14-049 – Jesse Gingerich – Beginning farmer loan of \$65,426 to purchase approximately 18.43 acres of agricultural land in Washington County. The loan will have a variable interest

rate of 3.75% and a loan length of 30 years. The index will be 0.5% above the Wall Street Journal Prime Rate. The lender is Federation Bank in Wellman, Iowa.

MOTION

On a motion by Mr. Borg and seconded by Mr. Fredrickson, the Board unanimously recommended approval of the BFLP applications.

Public Hearing on Beginning Farmer Loans

A public hearing was held by the IADD Board at the Iowa Finance Authority office on October 22, 2014 at 8:53 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 8:54 am.

MOTION

On a motion by Ms. Townsley and seconded by Ms. Euken, the Board unanimously recommended approval of the BFLP Bond documents.

Beginning Farmer Tax Credit Applications

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit applications. There were 76 new BFTC applications for an estimated tax credit amount of \$499,451. He noted that of those, 45 are cash rent, 29 are crop share and 2 are hybrid leases. With tax credits approved previously and these applications, approximately \$5,670,022 in beginning farmer tax credits has been allocated so far in 2014.

Mr. Borg asked staff to explain the process for reviewing the tax credit applications for eligibility. Mr. Ferguson explained that he reviews all applications and then Jean Wunsch with MABSCO reviews them a second time as she enters the information into the database. Mr. Ferguson said he relies mainly on the financial statement, the background letter and the FSA 156 form to verify eligibility. The legal description on the 156 Form must match the description on the lease. Also, the names on the 156 Form for both the landowner and the beginning farmer-tenant must match the names on the BFTC application and lease. The financial statements must be signed by both the beginning farmer and either a bank, an FSA officer or a CPA.

MOTION

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the Board unanimously recommended approval of the Beginning Farmer Tax Credit applications as presented.

Marketing Update

Included in the Board packet is the IADD marketing calendar. Steve Ferguson discussed the events he's been attending and the ones coming up.

Mr. Ferguson will be attending all the Iowa State Center for Ag Law and Tax Seminars throughout the state. He will also be attending the Iowa Society of CPA's Tax Workshop and the Iowa Bar Association's Tax School.

He also discussed a meeting in December with FSA. IADD staff will have the opportunity to explain our programs to all the FSA officers in the state.

Other Business

Both Steve Ferguson and Tammy Nebola attended the NCOSAFP Conference in Maryland in September. They gave a brief overview of the conference.

Mr. Leonard gave an overview of his experience at the NARRC conference. He discussed one of the presentations given by an economist on the outlook for the agricultural economy in the next five years.

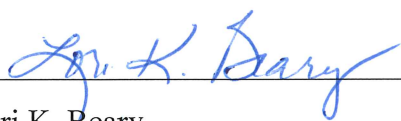
The November IADD Board meeting will be Monday, November 24 at 9:30 am at the Iowa Finance Authority office.

Adjournment

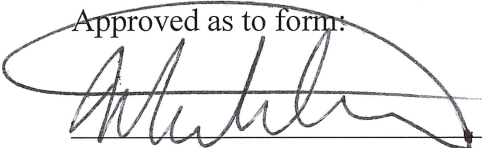
On a motion by Mr. Fredrickson and a second by Ms. Euken, the October 22, 2014 meeting of the IADD Board of Directors adjourned at 9:25 am.

Dated this 24th day of November, 2014.

Respectfully submitted:



Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:


Mark W. Leonard, Chair
IADD Board